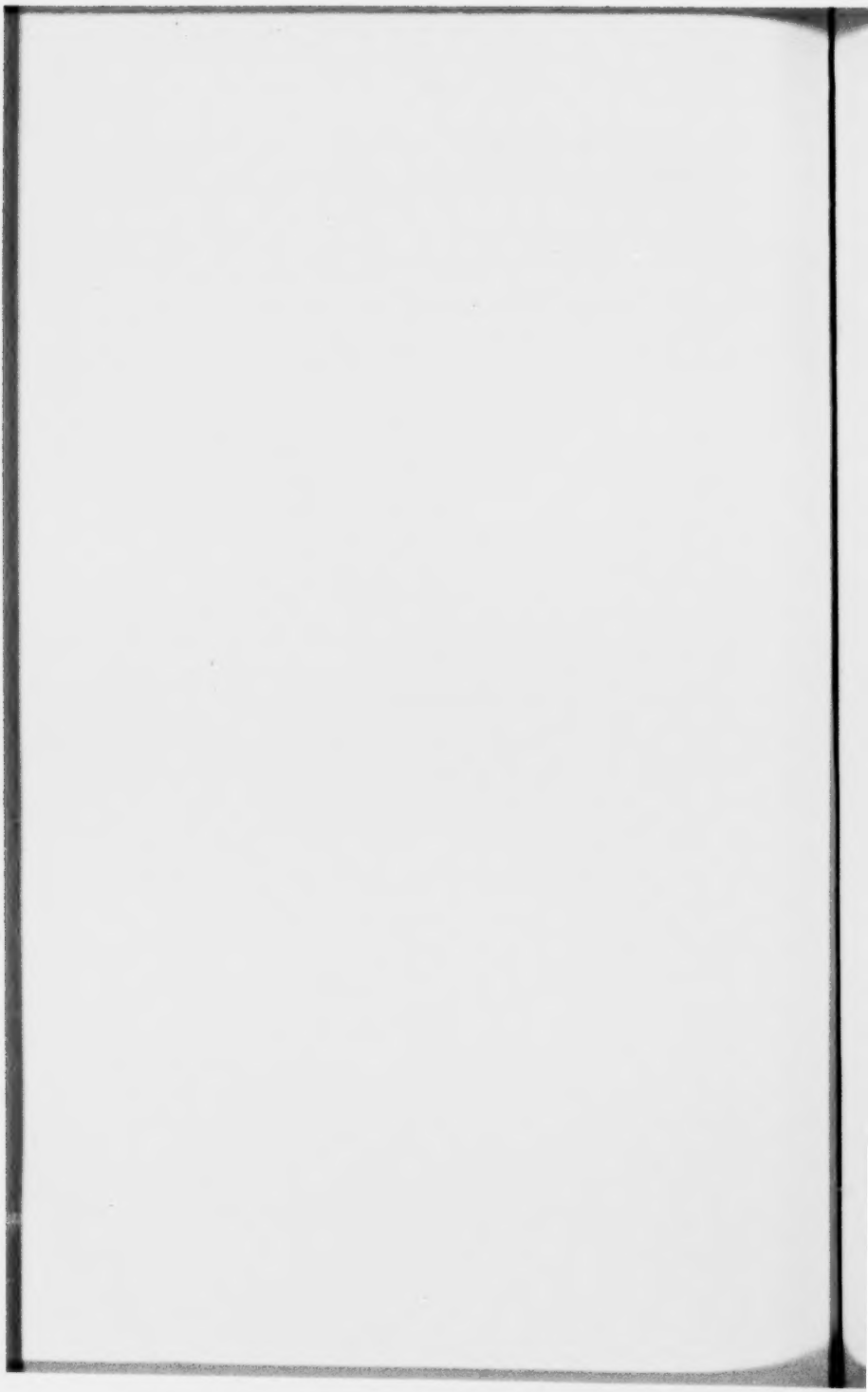

Appendix

The Note to Rule 5(2) of the Rules and Instructions accompanying Form E-1 of the Securities and Exchange Commission is as follows:

"NOTE: The Commission deems no sales to stockholders of a corporation to be involved, within the meaning of the definition quoted in Rule 5(2), where, pursuant to statutory provisions or provisions contained in the certificate of incorporation, there is submitted to the vote of such stockholders a proposal for the transfer of assets of such corporation to another person in consideration of the issuance of securities of such other person, or a plan or agreement for a statutory merger or consolidation, provided the vote of a required favorable majority

"(a) will operate, so far as the corporation the stockholders of which are voting is concerned, to authorize the transfer or to effectuate the merger or consolidation (except for the taking of action by the directors of the corporations involved and for compliance with such statutory provisions as the filing of such plan or agreement with the appropriate state authorities), and

"(b) will bind all stockholders of such corporation, except to the extent that dissenting stockholders may, under statutory provisions or provisions contained in the certificate of incorporation, be entitled to receive the appraised or fair value of their holdings.

"The Commission deems it immaterial in these circumstances whether the person the securities of which are to be issued is in existence or not; whether, if

such person is in existence, the plan, agreement or proposal is submitted by or with its authority; or whether, in the case of transfer of assets, such securities are to be issued to stockholders directly, or are to be distributed to them as a liquidating dividend or otherwise.

"When, in accordance with this Note, submission of a plan, agreement, or proposal to the vote of stockholders involves no sale to them, the Commission deems no sales to be involved in the delivery of securities to such stockholders.

"Accordingly, neither the submission to the vote of stockholders of a plan, agreement, or proposal of the character specified in this Note, nor the delivery of securities thereunder to such stockholders, requires the registration of such securities or the delivery of a prospectus meeting the requirements of Section 10 of the Act."